



Municipal Securities Rulemaking Board

September 5, 2025

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Response to Comments on File No. SR-MSRB-2025-01

Dear Ms. Countryman:

On June 10, 2025, the Municipal Securities Rulemaking Board (“MSRB”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change to (i) amend Rule G-14 RTRS Procedures under MSRB Rule G-14, on reports of sales or purchases, to rescind a previously approved but not yet effective shortening of the amount of time within which brokers, dealers and municipal securities dealers (“dealers”) must report most transactions to the MSRB, reverting such timeframe to the currently effective 15-minute reporting timeframe, (ii) amend the Rule G-14 RTRS Procedures to eliminate two previously approved but not yet effective reporting exceptions and a manual trade indicator relating to the rescinded shortened timeframes, and (iii) make a related conforming amendment to MSRB Rule G-12, on uniform practice, as described herein (the “proposed rule change”).¹ The Commission received six comment letters regarding the proposed rule change.² The provisions that would be rescinded by the proposed

¹ See Securities Exchange Act of 1934 (“Exchange Act”) Release No. 103262 (June 16, 2025), 90 FR 26390 (June 20, 2025), File No. SR-MSRB-2025-01 (“2025 MSRB Filing Notice”). The proposed rule change is available at <https://www.msrb.org/sites/default/files/2025-06/SR-MSRB-2025-01.pdf>. Except as expressly indicated herein, terms used in this letter that are defined terms in the proposed rule change shall have the same meanings as those terms in the proposed rule change.

² See letters to Vanessa A. Countryman, Secretary, Commission, from: Christopher A. Iacovella, President & Chief Executive Officer, American Securities Association dated July 10, 2025 (“ASA Letter”); Gerard O’Reilly, Co-Chief Executive Officer and Co-Chief Investment Officer and David A. Plecha, Global Head of Fixed Income, Dimensional Fund Advisors LP dated July 10, 2025 (“Dimensional Fund Advisors Letter”); Kenneth E. Bentsen, Jr., President and CEO, Securities Industry and Financial Markets Association dated July 11, 2025 (“SIFMA Letter”); Howard Meyerson, Managing Director, Financial Information Forum dated July 11, 2025 (“FIF Letter”); Michael Decker, Senior Vice President, Bond Dealers of America dated July 11, 2025 (“BDA Letter”); and Tyler Gellasch, President and CEO, Healthy Markets Association dated August 8, 2025 (“HMA Letter”). These comment letters are available at <https://www.sec.gov/comments/sr-msrb-2025-01/srmsrb202501.htm>.

rule change were previously approved by the Commission on September 20, 2024, as part of a broader set of amendments which have not yet become effective (the “2024 Amendments”).³

The MSRB appreciates the participation of commenters in the rulemaking process. The MSRB has taken all of the views expressed in the comment letters into consideration and addresses in this letter the key concerns relating to the substance of the proposed rule change.

Four of the six commenters expressed support for the proposed rule change’s reversion to a 15-minute baseline reporting requirement.⁴ One commenter voiced disappointment that the proposed rule change deviated from the 2024 Amendments’ decrease in the baseline reporting timeframe from 15 minutes to one minute.⁵ That commenter suggested that, if the MSRB were not to retain the one-minute timeframe, it should consider shortening the reporting timeframe from 15 minutes to 10 minutes as an interim step, with the goal of eventually shortening the reporting timeframe to one minute.⁶ Another commenter objected to the proposed rule change and suggested that the Commission disapprove it.⁷ This commenter stated that the administrative record does not support backtracking on the timeliness of trade reporting and that new data and analysis, or other factual and analytical support, must be provided to support the proposed rule change.⁸ The commenter stated that the MSRB did not offer new facts or material analysis in the proposed rule change and suggested that the MSRB should instead narrow the manual trade exception adopted in the 2024 Amendments.⁹

In response to the commenters who opposed the proposed rule change, the MSRB notes that the proposed rule change stated that the MSRB believed that the proposed rule change was appropriate given the additional information obtained since the approval of the 2024 Amendments.¹⁰ The MSRB reiterates that the additional information obtained since the approval of the 2024 Amendments suggests that the balance of burdens and benefits appear to have shifted over that period. First, the burdens of the shortened reporting timeframe (together with the associated exceptions and manual trade flag) in the 2024 Amendments may be higher than initially estimated. Second, the net positive impact of the tightened timeframe, as compared to

³ See Exchange Act Release No. 101118 (Sept. 20, 2024), 89 FR 78955 (Sept. 26, 2024), File No. SR-MSRB-2024-01.

⁴ See generally ASA Letter; SIFMA Letter; FIF Letter; BDA Letter.

⁵ Dimensional Fund Advisors Letter at 1–2.

⁶ Id. at 2.

⁷ HMA Letter at 2.

⁸ Id.

⁹ Id. at 7.

¹⁰ 2025 MSRB Filing Notice, 90 FR at 26393.

not changing the timeframe, may not be as large as originally estimated in light of observed improvements in actual reporting performance by dealers between 2022 (representing the data on which the 2024 Amendments were based) and 2024 under the current 15-minute standard (representing the additional data on which the proposed rule change is based).¹¹

Specifically, the percentage of all trades reported within 15 seconds of time of trade increased from 24.8% in 2022 to 34.2% in 2024, representing a 9.6 percentage improvement in the two-year period since 2022; trades reported within 30 seconds of time of trade increased from 52.7% in 2022 to 56.7% in 2024, representing a 4.0 percentage improvement during the two-year period since 2022; and trades reported within one minute of time of trade increased from 78.1% in 2022 to 80.8% in 2024, representing a 2.7 percentage improvement during the two-year period since 2022.¹² Based on the new data used in the proposed rule change from 2024 that was not yet available at the time of the 2024 Amendments, more than four out of five trades were already being reported within the one-minute proposed timeframe under the 2024 Amendments, and trades reported faster than one minute showed substantial rates of improvements over the two year period from 2022 to 2024, without regard to either the manual trade exception or the exception for dealers with limited trading activity provided for under the 2024 Amendments. Furthermore, while the percentage of total trades of all trade sizes reported within 10 or 15 minutes after the time of trade remained relatively steady from 2022 to 2024,¹³ the percentage of the largest trades – those greater than \$5 million, generally viewed as having the greatest influence on market prices – showed material improvements during this period. Trades with par size greater than \$5 million reported within 10 minutes of time of trade showed a 2.4 percentage improvement from 2022 (91.7% of all such trades) to 2024 (94.1%), and those reported within 15 minutes showed a 1.5 percentage improvement from 2022 (94.6%) to 2024 (96.1%).¹⁴

¹¹ Id. at 26391–92.

¹² Id. at 26396.

¹³ In 2022, 99.3% of all trades were reported within 10 minutes after the time of trade and 99.6% were reported within 15 minutes, as compared to 99.2% within 10 minutes and 99.5% within 15 minutes in 2024. Compare SR-MSRB-2024-01, Amendment 1, at Table 1, available at <https://www.msrb.org/sites/default/files/2024-07/MSRB-2024-01-A-1.pdf>, with 2025 MSRB Filing Notice, 90 FR at 26395, Table 1.

¹⁴ Compare SR-MSRB-2024-01, Amendment 1, at Table 1, with 2025 MSRB Filing Notice, 90 FR at 26395, Table 1. In fact, for these largest trades, reporting occurred faster in 2024 as compared to 2022 at all levels, with even higher percentage improvements in 2024 as compared to 2022 for trades reported in 5 minutes (5.4 percentage improvement), 3 minutes (6.4 percentage improvement), 2 minutes (5.2 percentage improvement), 1 minute (3.9 percentage improvement), 30 seconds (2.4 percentage improvement) and 15 seconds (4.1 percentage improvement). Id.

As outlined in the 2025 MSRB Filing Notice, while retaining the 2024 Amendments without the changes included in the proposed rule change would likely incrementally accelerate the trade reporting process when compared to the current state, it would also impose substantial technology subscription or upgrade expenses for those active dealers that are currently not close to reporting all fully automated trades within one minute, and additional compliance and system costs for all dealers to provide a new trade indicator.¹⁵ It is important to note that the MSRB is retaining the as-soon-as-practicable provision added to the Rule G-14 RTRS Procedures by the 2024 Amendments, and the MSRB believes this will have a positive impact on reporting times while harmonizing with existing as-soon-as-practicable provisions of the Financial Industry Regulatory Authority's Trade Reporting and Compliance Engine ("TRACE") requirements for reporting TRACE-eligible securities.¹⁶ Given the trend toward faster trade reporting and the retention of the as-soon-as-practicable provision of the 2024 Amendments, the balance between the burdens of the 2024 Amendments, as adopted, compared to the likely reduced relative benefits beyond those already occurring due to technological advancements and market forces no longer favors retaining the 2024 Amendments as a whole. Instead, the MSRB believes that the balance of benefits and burdens supports the proposed rule change along with the retention of the as-soon-as-practicable provision of the 2024 Amendments. In particular, to the extent dealers are not already reporting trades as soon as practicable, the MSRB believes that the retention of the requirement for reporting as soon as practicable would have the effect of increasing the proportion of trades being reported within shorter timeframes than they currently are, without regard to a one-minute, five-minute or 15-minute deadline.¹⁷

In addition, a narrowed version of the manual trade exception, as suggested by one commenter, could result in the same or greater compliance burden on dealers since a narrower exception would leave a greater proportion of trades subject to the compressed one-minute reporting timeframe. At the same time, such narrowed version may have only limited likelihood of succeeding in inducing materially more rapid reporting as compared to the natural evolution of trade reporting performance observed between 2022 and 2024, particularly since the as-soon-as-practicable requirement would already serve to provide additional motivation going forward to eliminate any avoidable delay in the reporting process.

Thus, the MSRB believes that it has offered new facts and provided material analysis in support of the proposed rule change and has not merely relied upon the same set of facts and analysis relied upon in connection with the 2024 Amendments. The MSRB believes that, based on the new data provided in the proposed rule change, the proposed rule change represents a responsive adjustment to the 2024 Amendments to address market participants' feasibility and

¹⁵ 2025 MSRB Filing Notice, 90 FR at 26398.

¹⁶ See FINRA Rule 6730(a) and Supplementary Material .03.

¹⁷ 2025 MSRB Filing Notice, 90 FR at 26392.

compliance concerns that could have impeded the achievement of the expected benefits thereof.¹⁸

The MSRB further notes that, in discussing the provisions of the 2024 Amendments relating to manual trades as they would have been applied with respect to block orders and subsequent allocations to individual customers, one commenter stated that “large amounts of customer allocations (which are required to be reported by dual-registered broker-dealers) may simply not be able to pass through trade processing and network infrastructure within one minute even if done in an automated manner.”¹⁹ While the proposed rule change would rescind the manual trade exception referenced by this commenter, the MSRB acknowledges that in certain circumstances a customer allocation may be subject to trade reporting under Rule G-14. However, the MSRB observes that in the case of a purchase of a block order by a dually registered dealer/investment adviser (“BD/IA firm”) of municipal securities that are then allocated internally to advisory accounts at the same price as the block order (*i.e.*, without transaction-based compensation, such as with a non-transaction-based wrap or similar advisory fee), the MSRB historically has only required that the original block order be reported and not the subsequent related allocations to customers in advisory accounts where, with respect to any such allocation, the BD/IA firm is acting as an investment adviser to such account directing an internal delivery of a portion of such block of municipal securities acquired by the BD/IA firm to the advisory account.²⁰ This treatment would continue based on the core principle that, as a price transparency system, RTRS seeks to disseminate publicly only such pricing information that is indicative of market prices and not price information that may not reliably reflect such market prices. The MSRB believes that publishing price information for smaller customer allocations

¹⁸ Id. at 26393.

¹⁹ SIFMA Letter at 3.

²⁰ See, e.g., Exchange Act Release No. 74564 (Mar. 23, 2015), 80 FR 16466, 16466 n.4 (Mar. 27, 2025), File No. SR-MSRB-2015-02 (“RTRS serves as an audit trail for municipal securities trading, with the exception of certain internal movements of securities within dealers that currently are not required to be reported”). See also MSRB Notice 2008-19, MSRB Seeks Comment on the Reporting of Proprietary Desk Transactions under Rule G-14, on Reports of Sales or Purchase (Apr. 11, 2008) (the “Prop Desk RFC”) (“Currently, internal movements of securities within a dealer organization are not considered to be reportable under Rule G-14.”). In the Prop Desk RFC, the MSRB proposed potentially requiring reporting to RTRS internal movements between a dealer’s proprietary desk and another part of the same dealer firm. The MSRB determined not to establish such a requirement with respect to such internal movements and continued to adhere to its position that internal movements are not reportable to RTRS. Of course, while the allocation is not reportable, the BD/IA firm would be subject to the full panoply of investment adviser duties, including a fiduciary duty to its customer, when it acts in this capacity as an investment adviser with respect to the customer’s advisory account.

that were priced based on the larger block size of the original block trade is not only unlikely to be indicative of market prices, but also could be misleading.²¹

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If you have any questions, please feel free to contact me or John Bagley, Chief Market Structure Officer, at 202-838-1500.

Sincerely,



Ernesto A. Lanza
Chief Regulatory and Policy Officer

²¹ See, e.g., MSRB Notice 2003-20, Notice on Reporting and Comparison of Certain Transactions Effected by Investment Advisors: Rules G-12(f) and G-14 (May 23, 2003) (discussing the appropriateness of reporting only the price of the single block order trade with a third-party investment adviser rather than individual smaller transfers and allocations directed by such adviser that would be reportable at the same price as the block trade).